

Ministry of Energy

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Energy Supply Policy Division

December 14, 2021

MEMORANDUM TO: EDA, LDCs, OEB, IESO

FROM: Steen Hume
Assistant Deputy Minister

RE: Information on RPP rate-setting

Dear Colleagues,

The Ontario government is providing greater certainty for Regulated Price Plan (RPP) electricity customers by having the Ontario Energy Board (OEB) set RPP rates once per year instead of twice, with the next scheduled RPP rate adjustment taking effect November 1, 2022.

RPP rates will continue to be set to reflect the anticipated costs of electricity supply for 12 months at a time and to clear the balance in the variance account. In addition to providing greater price certainty for RPP customers, we anticipate this measure will also reduce your administrative burden.

Please see the appendix for more information about the amendments to O. Reg. 95/05 under the *Ontario Energy Board Act, 1998*, in force effective January 1, 2022.

A handwritten signature in black ink, consisting of the letters 'S' and 'H' followed by a long, wavy horizontal line.

Steen Hume

Appendix - Qs and As

Q1. What regulatory changes are coming into force?

Ontario has amended O. Reg. 95/05 (Classes of Consumers and Determination of Rates) under the *Ontario Energy Board Act, 1998* to require the Ontario Energy Board (OEB) to set Regulated Price Plan (RPP) rates once per year, subject to certain exceptions. The OEB will now set RPP rates once a year, each November 1, instead of the current practice of twice per year.

This means that the next scheduled RPP rate adjustment will take effect November 1, 2022, subject to rare exceptions referred to in question 4.

Q2. How will electricity bills be affected?

RPP rates will continue to be set to reflect the anticipated costs of electricity supply for 12 months at a time. This will provide RPP customers with certainty on their electricity prices for a full year.

In addition, LDCs will only need to adjust RPP rates in their billing systems once a year instead of the current practice of twice per year.

Q3. Will this affect seasonal changes for customers?

No. RPP customers that are charged Time-of-Use rates will continue to benefit from seasonal changes (summer and winter) to price periods, and customers that are charged tiered prices will continue to benefit from seasonal changes (summer and winter) to monthly consumption thresholds.

Q4. What if actual RPP electricity supply costs are significantly different compared to forecast during the year?

The regulatory amendments allow for the OEB to adjust RPP rates prior to November 1 if the difference between the actual and expected balance in the RPP variance account exceeds 4% of the OEB's RPP supply cost forecast.

The Minister of Energy also continues to have the authority to direct the OEB to reset rates prior to November 1.